

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

**STOCKTAKING OF REFORMS
IN AGENCY OPERATIONS
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STOCKTAKING STUDY TEAM

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PREFACE

This document is a synthesis of three reports that include details from a staff-wide survey, a document review, and focus groups and interviews. These reports are available on USAID's corporate web site.

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Stocktaking of Reforms in Agency Operations

I. INTRODUCTION

BACKGROUND

In 1993, the U.S. Agency for International Development began a reengineering initiative centered on improving its program operating system. This initiative was prompted by the U.S. government's reinvention effort. The intent was to build on experience of what worked, to develop better systems to support and promote the work that the Agency does, and to utilize staff and partners' high levels of skill, energy, and initiative to achieve even greater accomplishments.

USAID developed an operations system to encourage increased collaboration between USAID staff, partners, customers, and contractors. Four¹ core values guide this system: customer focus, results orientation, empowerment and accountability, and teamwork and participation. The system's key features include: strategic planning, management contracts between operating units and Washington, budgeting influenced by results, implementation focused on achieving objectives, and monitoring and evaluation to better understand accomplishments and failures. With these established values and features in place, the system specifications allow the group to work productively to accomplish their common objective of sustainable development.

In 1995, the Operations Business Area Analysis (Ops BAA) team identified areas needing change in order to implement the new operations system: 1) policies and procedures, and 2) Agency culture to ensure it supports and is consistent with the principles and practices of a new USAID. The Ops BAA report emphasized the need for USAID to become a learning organization and to continue the reform work through monitoring the performance of the new systems, improving them, and working at institutionalizing the new systems and supporting culture.

Since its inception, the reform process itself has generated a flow of information and analysis about implementation experience—much of this has drawn from the Reengineering Lab experience and from informal dialogue within the Agency. It has been supplemented by a series of analytic pieces by staff and external observers. While these insights have been highly useful, the Agency lacked a comprehensive review to assess progress and identify further courses of action to achieve the overall objectives of the reforms.

Based on this need, in November 1997, the stocktaking-diagnostic team undertook an assessment of the implementation and impact of the reforms in Agency operations. This is

¹Valuing diversity was adopted as the Agency's fifth core value in 1996.

intended to guide senior management decisions on actions to clarify, refine and accelerate reform and realize the Administrator's vision of a reinvented, more effective USAID. Sponsored on behalf of the Administrator by the Assistant Administrators (AAs) from the Bureau for Policy and Program Coordination (PPC) and the Bureau for Management (M), the effort was proposed and guided by a team of about a dozen persons from several bureaus and the field. This effort is a fundamental step in enabling the Agency, on an ongoing basis, to monitor the impact of management actions and work processes, and to identify what is working better or where course corrections are needed.

The stocktaking/diagnostic effort accepts that the vision and general approach to Agency operations articulated by the report of the Operations BAA team remains a valid compass point for the Agency reforms, having been built on genuinely-held corporate “core values” and best practices. However, differences exist about whether specific features of the current system are fully conducive to that vision. There are concerns about various interpretations and specific applications of the system in different parts of the Agency, and about disjunctures and contradictions arising from the simultaneous practice of old and new approaches.

The stocktaking, or empirical analysis component, has drawn on existing documentation as well as surveying and interviewing to produce a snapshot of the implementation of the reforms. This snapshot describes how current Agency practice approximates or diverges from some of the principal features of the new operating system. A stocktaking study team, drawn from PPC and M, and external advisors, was formed to gather and assess information centering on four outcomes based on the core values.

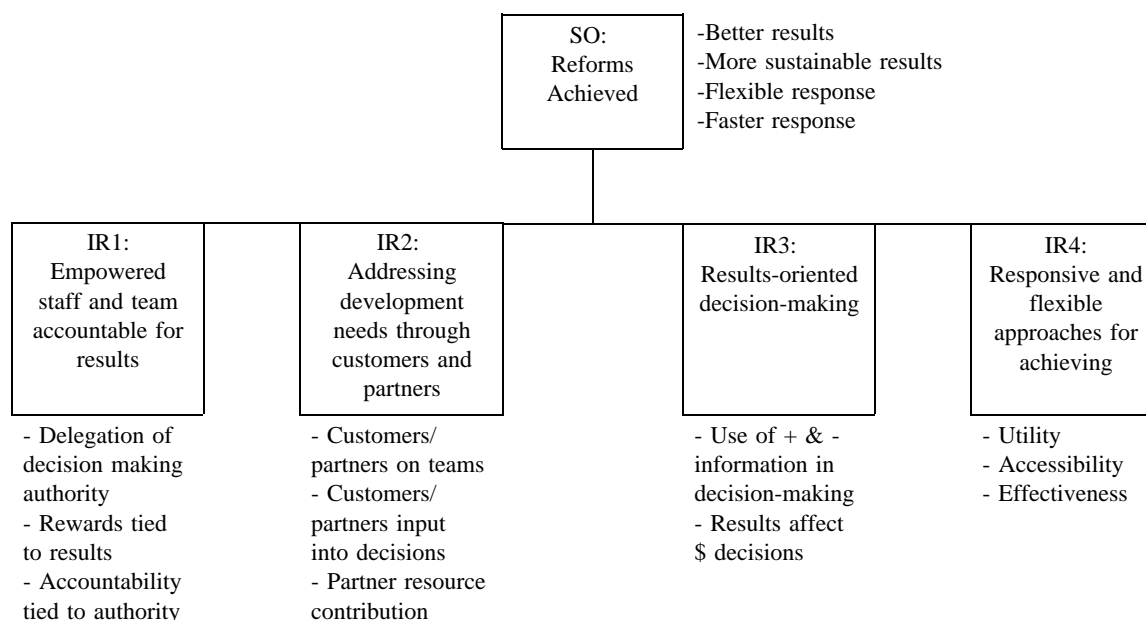
These outcomes are designed to capture the fundamental results expected from the reforms. The first three outcomes are based on the originally stated core values and vision, and the fourth outcome encompasses the key functions of the operations system. The four outcome areas are: empowered staff and teams accountable for results, addressing development needs through customers and partners, results-oriented decision-making, and responsive and flexible approaches for achieving results.

For each area, the stocktaking provides a “snapshot” of the current state of the features of Agency operations and provides preliminary and partial insights on how well the Agency has achieved the desired outcome, and why. Three reports (Survey Analysis, Document Review, and Report on USAID/Washington Focus Group & Interviews) provide data findings and analysis. Recommendations for action on improving the new systems and institutionalizing the systems and supporting culture are based on analysis of this data.

CONCEPTUAL FRAMEWORK

The stocktaking team applied reengineering principles to the task of assessing the state of reforms. A strategic objective (SO) framework was developed to illustrate the relationship between the overall objective of the reforms and the four outcome areas. This provided a model of implementing a mini performance monitoring plan for analysis and recommendations. The SO framework has “reforms achieved” at the top (or SO level), the outcome areas as the intermediate results (IR) and the illustrative features as indicators. The framework follows:

Stocktaking SO Framework



Through the SO framework lens, the stocktaking consists of data gathering and analysis as per the performance monitoring plan of the SO “reforms achieved” at the level of the IRs. The purpose is to provide an assessment of the IRs—achievement as measured by indicator data. The findings will be used by senior staff to make decisions.

SOURCES OF DATA

The stocktaking study team uses three methods for gathering information to contribute to the snapshot exercise. They are a survey, document review, interviews and focus groups. Below is a description of how each method for data gathering contributes to the task of understanding USAID’s reengineering effort.

Survey is based on the results framework for changing operations. It is based on indicators and defines a baseline (the current state) for managing change for operations. Within the area of operations (and some other areas that interact with them) the survey identifies sub-areas for intervention and/or sub-areas for additional, targeted research/evaluation. It identifies recommended actions and best practices by frequency of mention. Within the list of recommended actions it identifies management options by frequency of mention to the extent that respondents see management of the change effort as an obstacle to implementing reforms. The survey includes 580 respondents. The random sample includes 272 people and the targeted group includes 66 respondents. 208 respondents were self-selected and 34 did not indicate a sample group.

Document Review provides information on USAID's change efforts and reaction to these efforts. It also provides indicator data and additional insight for those "why" and "why not" questions raised by the survey. It contributes to recommended actions and identifies possible resources/best practices, including management options, to augment those generated by the survey. Seventy-three documents, (including evaluation reports, memorandums and minutes) were analyzed. Thirty-two of the documents were produced in Washington, 38 were from the regions or regional bureaus, and three were non-USAID documents.

Focus Groups and Interviews provide more in-depth perspectives on USAID's vision for the change effort and implementation program. They provide informed opinion on the current state for specific areas of intervention and on targeted sub-areas within operations. Six focus groups were held on the following topics: The new management system (NMS), team effectiveness, results frameworks, program operations support, and leadership for program operations reforms. A total of 48 people (direct hires and contractors) who have knowledge on and experience with these topics attended the various sessions.

This paper synthesizes information generated from all four data sources. For more details on the method of and finding from a specific source, please see the sub-reports. This snapshot is primarily based on USAID staff feedback. A survey and focus groups are currently underway to hear from customers and partners on these same issues. The next chapter discusses the findings by outcome area. The conclusions highlight common themes found across outcomes and how the themes provide a framework for taking action.

II. FINDINGS

ATTITUDES TOWARD THE REFORMS

The stocktaking data show that in some areas the Agency is doing well, in other areas we are far from achieving the intended vision of the reforms, and in most instances performance is mixed. The stocktaking snapshot reveals pictures of partial implementation of the reforms and a program operations system that exhibits varying degrees of effectiveness. To fully understand the findings, it is important to grasp the underlying attitudes of staff that were evident in the survey data, through the focus groups and interviews, and from the documents.

The majority of survey respondents expressed an understanding of and belief in the concepts and ideas supporting the Agency's new operations system and the core values.

Hope and optimism for future progress. Staff provided the stocktaking team with numerous suggestions for future reforms, reflecting an optimistic, or at least hopeful, outlook that reengineering can lead to further improvements. Overall, staff reflect a positive attitude towards the Agency reengineering efforts and the potential of what might be accomplished with the reforms.

Support for results orientation. Staff believe an increased emphasis on results has had a positive influence on how the Agency plans and carries out its program. For example, 87% of survey respondents rated the results framework as an effective tool for achieving results. However, staff expressed concerns about the effects of earmarks and other constraints on decision-making.

Improvement in customer focus and participation. Staff perceive that the Agency is doing relatively well at involving customers and partners. There is some concern that Agency guidance in this area needs to be clarified and be made more flexible (to allow for inclusion of partners in Agency processes) and that time and resource constraints hinder full participation.

Successes in applying principles. While reengineering has by no means achieved comprehensive reform and change around the Agency, some operating units are reporting a great deal of success in applying reengineering principles and the core values.

While staff expressed a high level of support for the concepts, they believe the Agency has not fully followed through with the implementation of these reforms (especially in AID/W).

Lack of collective vision for the reform effort. Most survey respondents cite a lack of collective vision about the reforms' intended purpose and a lack of clarity about the reform agenda. Staff have doubts that Agency leaders have made a serious commitment

to proceed with the reforms. A large majority call on leaders—the Administrator and the Assistant Administrators (AAs) in Washington, and the Mission Directors in the field--to communicate more consistently and more candidly about the scope and pace of the intended changes.

Cynicism, unreceptiveness to change. Hype over a reengineering program that has only been partially successful, the slow pace of change, problems with the NMS, and the 1996 Agency reduction-in-force have all contributed to a cynicism and frustration about the purpose and success of Agency reforms. Some staff criticize what they perceive as a tendency to relabel old approaches as new.

External constraints. Obstacles to fully implementing the reforms include congressional earmarking, and federal government procurement and personnel regulations. The Agency continues to struggle with how, or if at all, it can adapt or influence these systems.

The following sections discuss the state of reform implementation by outcome area. “Snapshots” reveal the findings from the four sources of data to illustrate Agency staff perspectives on a particular topic. Also included within each outcome are “needs” to improve the situation.

EMPOWERED STAFF AND TEAMS ACCOUNTABLE FOR RESULTS

Introduction

For reengineering reforms to succeed, individuals and teams in the Agency must be empowered to make decisions to achieve agreed-upon objectives. The survey asked questions about four elements related to this principle: empowerment to make decisions, accountability for managing for results, incentives to manage for results, and decision-making about how to achieve results. The survey data indicate that staff (individually and in teams) feel that they are empowered to some extent, and that to some extent they do make significant decisions in managing for the results for which they are accountable. However, the extent to which they are empowered is not commensurate with the level of accountability, and incentives are lacking. In general, field staff see themselves more accountable, empowered, and having more incentives than their AID/W counterparts see themselves. AID/W staff see themselves as making significant decisions more than the field staff see themselves. In addition, the survey, document analysis and focus group interviews indicate that getting work done through teams is taking hold in the field, but there is still a need for reengineering to be applied in AID/W.

Snapshot

Leadership and management commitment and support is insufficient. Data from all sources most strongly emphasizes the importance of leadership, direction, good management and support for implementing these changes. This was the most frequently stated reason for the success or failure of this outcome. Staff said that when managers led an effort and demonstrated commitment and support to individuals and teams, the principles related to this outcome (empowerment, accountability, incentives and decision-making) worked well. Lack of management support (e.g., micro-management, inability to walk the talk, poor management) negatively affected these principles.

Teamwork can be effective, but is unevenly applied. Staff believe teamwork and collaboration enable the application of these principles. Attributes of effective teamwork include having a common goal, commitment to the team, and having the right balance of skills and knowledge on the team. Lack of or ineffective teamwork was identified as a primary factor for not having these principles work well. Reasons include not being focused on a common objective, not having the right people and skills on the team, teams not empowered to make decisions/take actions, and teams operating as groups of individuals versus true teams. However, there appears to be general agreement that teamwork can be effective and is worth pursuing. The document analysis identifies many successful examples of how operating units are implementing teams.

Empowered people and delegation of authority exist in pockets. Staff positively cited examples where people are actually empowered and held accountable for results, both as individuals and in teams. However, many staff expressed that individuals and teams are not empowered to make decisions and take appropriate actions. Foreign Service Nationals (FSNs) see themselves as considerably less empowered than their U.S. Direct Hire (USDH) colleagues see themselves. With regard to teams, FSNs provide higher ratings on team incentives, team empowerment, team accountability, and team decision-making than their USDH colleagues.

Recognition of new skills and knowledge. All the sources of information identified the types of knowledge and skills people will require to work effectively in the new operations system and according to the core values. People acknowledged the importance of becoming more skilled and knowledgeable in the tools, techniques and practices of effective and efficient teamwork. Increased knowledge in program operations and management is desirable. Finally, survey respondents emphasized the importance of Agency managers (and team leaders) in becoming more familiar with the new management concepts and developing the skills to apply these practices (e.g., leading in a reengineered organization, empowering, coaching, etc.).

Absence of sufficient incentives and rewards. Staff believe that their units and offices do not do much in the way of providing incentives to them, as individuals or as teams. Staff think there is a lack of meaningful incentives, or that incentives are non-existent. Staff feel

the current formal reward system does not consistently reward people for good performance and for applying reengineering principles. The comments suggest that people feel effective rewards are not limited to tangible rewards (cash, bonuses, etc.), but also include simple praise and recognition for a job well done.

Needs

Improved leadership and management commitment and support. Managers at all levels (the Administrator, senior managers in AID/W, mission senior management, supervisors, and team leaders) must reinforce these values by leading, providing direction, and setting an example. Management must learn to create an environment and manage in a way that these principles will take hold and flourish. This includes delegating authority and empowering teams and individuals (thereby letting go of power and control), promoting and supporting teamwork, rewarding and recognizing people for accomplishments related to these principles, trusting employees and encouraging risk-taking.

Better teamwork and collaboration. The Agency needs to learn more about how effective teams function, and apply those lessons. Senior management needs to make a commitment to getting work done through teams, and learn about how they can serve as coaches to teams, thereby helping to ensure the success of the teams.

More empowered people/delegation of authority. Managers (at all levels) need to empower staff (especially FSNs) and teams to make decisions and take appropriate actions to achieve results. Managers need to utilize mechanisms such as delegations of authority and they need to resist the urge to micro-manage and second-guess decisions.

Increased training and education. Agency staff need training in the reengineered operations and program management. Staff also need training in effective teamwork to further our ability to work effectively and efficiently in teams. Managers need training in the new management concepts and practices needed to achieve a customer-focused, team-based, and results-oriented organization.

Revised rewards and incentives. The Agency needs to provide incentives to managers and staff for applying the principles and practices associated with our reforms (reengineering and the core values). The Agency rewards system needs to come into alignment with these principles/practices, and people who apply them need to be recognized and rewarded for doing this.

ADDRESSING DEVELOPMENT NEEDS THROUGH CUSTOMERS AND PARTNERS

Introduction

As part of its reforms, USAID instituted a systematic approach to involve its customers and partners in planning, achieving and evaluating its development work. Based on the analysis of the stocktaking data from the staff survey, focus groups, interviews and document analysis, the overall finding is that the Agency is doing well in this area. The field has found creative ways to increase its understanding of customer needs by continuing to conduct site visits, customer surveys, focus groups and regular meetings. The survey shows that missions are increasingly using customer and partner feedback to guide development decisions. Staff indicate partners have been included on some Strategic Objective teams, but collaboration needs to increase. The findings indicate staff believe that USAID/W should place more emphasis on the missions as its customers. There is still confusion regarding procurement integrity and roles and responsibilities of partners on teams. Findings for this outcome indicate the need for senior leadership and management support to clarify priorities and provide the necessary time, dollars and personnel to continue to improve the situation.

Snapshot

Guidance unclear and inflexible, but field is creative. Some missions described creative ways, within the current guidelines, for including customers and partners in USAID's decision-making process. However, staff indicated some gaps in the procedures and practices for obtaining customer feedback and learning about customer needs. There is confusion about the definitions of customers, partners and stakeholders and over policies and procedures for involving partners on Strategic Objective teams. Staff are concerned that procurement rules are not flexible enough to allow partners the opportunity to participate on teams without feeling constrained by the competitive process. Staff cited the importance of disseminating lessons learned and best practices to help the Agency further implement this core value.

Communications with customers and partners improved, but more could be done. Staff believe there is progress in communicating more often with customers and partners, but that more could be done. Staff believe that better communications and relations between USAID/W and the field as its customer is important for improving how the Agency operates in a more collaborative and cooperative manner. People would like more examples of innovative ways of communicating with customers and partners on a regular basis.

Resources to engage customers and partners is important. Staff indicate that more programmatic decisions are based on customer and partner commitment and achievement of results. However, there are costs associated with organizing and coordinating activities for partner involvement. Missions, in particular, cited the importance of having appropriate time and funding for travel to continue efforts to engage customers and partners. Having the adequate workforce to make the visits and interactions meaningful is important as well.

People feel that it is important to have travel funds for USAID/W staff to interact better with the field.

Leadership and management support is insufficient. The survey indicated that management must demonstrate how it is addressing the needs of its partners and customers and that the process should include USAID/W's commitment. There are strong feelings that improved performance requires the leadership to provide incentives and recognition and sufficient resources, especially in the field, to successfully achieve these principles.

Doing well, but still needs improvement. Staff indicate relationships with partners and customers are improving. Many comments stressed that "reengineering has changed attitudes towards customers and partners." However, there is still some cynicism about how the Agency defines its customers and partners and their participation. The survey indicates that strategic plans have been developed and modified based on perspectives of customers and partners.

Needs

Increased and improved communications between USAID, customers and partners. Improved methods to involve customers and partners in the Agency's program operations need to be identified and systematically shared. There is also a need for more productive two-way communications to learn from each other and to support achieving development objectives. Foreign Service Nationals must continue to be included on strategic objective teams to foster effective communications with customers and partners. Finally, customer and partner concerns must be addressed and messages regarding their involvement with the Agency must be consistent.

Actively demonstrated leadership and management support. Senior leaders and managers need to set the standards and take active steps to engage in participatory activities. Steps include clarifying expectations of staff and teams, and deciding on policies and procedures for engaging customers and partners. Leaders and managers at every level need to be clear about what partners are accountable for, taking into consideration USAID mandates as well as partner expectations and capabilities. Senior managers need to promote ownership of the customer focus value through performance evaluations and the creation of an environment with incentives to encourage application of this principle.

Adequate resources (time, budget, people) for effective participation provided. Resources are needed to provide training and learning opportunities for staff, partners and customers in the various aspects of reforms, including customer focus and participation. Staff need to have administrative burdens lessened so that they have the time to interact with customers and partners. Without the reduction in workload, increased staff in the field are needed to effectively apply this principle. Operating expense funds need to be allocated in the budget to afford mission and Washington staff the resources to work closely with customers and partners.

Flexible and clear guidance, including best practices, disseminated. Concise guidance on how to involve partners on strategic objective teams without jeopardizing procurement integrity needs to be explained and disseminated. Definitions of customer, partner and stakeholder need to be reviewed and clarified. Confusion over the procurement policies on conflict of interest needs to be resolved and shared throughout the Agency and with partners. Lessons learned and development practices from partners and customers need to be collected and widely shared, especially through electronic means, such as the internet.

RESULTS-ORIENTED DECISION-MAKING

Introduction

The vision for this outcome features the use of strategic planning to define objectives and managing towards the achievement of those results. Both positive and negative performance information would be used to inform decision making and performance would be an explicit factor in decisions on program direction and resource allocation. Findings under this area show strong support for managing for results. Staff attribute an increased focus on results in Agency programs to be an important benefit of reengineering. The survey found that 87% of those responding either strongly agree or agree that the results framework is an effective tool for achieving results. This overall favorable impression, however, must be tempered by concerns that the methods the Agency uses for managing for and achieving results can be improved, made more clear, and made more flexible. In addition, the Agency's ability to make decisions based on performance is hampered by the varied quality of available performance information on which to base decisions, and the rigid nature of USAID's system for resource allocation, limiting the decision-making influence staff may exercise.

Snapshot

Improved focus on results. Staff perceive the increased focus USAID now places on results in development programs as very important. USAID's strategic planning and results frameworks allow description and articulation of the "big picture" and the linkages among results. The planning process also provides opportunities for program integration and is useful for bringing partners into the process of defining results.

Inflexible systems: resources and performance not well linked. USAID's resource allocation system is very rigid throughout the allocation process. Much of USAID's appropriation from Congress is earmarked (both hard and soft earmarks). Staff perceive that the Agency's annual budget process primarily allocates funds based on a variety of factors unrelated to performance. Even within operating units, there are inflexibilities for moving funds around among results and activities. Rigid acquisition and assistance vehicles also make moving resources difficult.

Confusion over meaning of and guidance for Managing for Results. Some confusion exists on whether staff are being held responsible and accountable for achieving results or for “managing” towards the achievement of results. Agency incentives and practice do not seem to make a distinction. Guidance on managing for results and decision-making processes may also be contradictory and confusing, with central and regional bureaus disseminating different messages to operating units. Monitoring and evaluation systems and results frameworks are inconsistently applied and many staff do not clearly understand the methodology and concepts. Many are frustrated by the way performance indicators are used, perceiving an overemphasis on quantification and a lack of management utility.

Needs

Clarity on concepts and guidance for planning and managing for results. Guidance and supplemental reference materials are needed in this area to clarify concepts and thoroughly explain the various methodologies used in planning and managing for results. In addition, this area would benefit greatly from having a policy “home” for problem solving managing for results issues and ensuring that all Agency guidance is consistent. Issues that need resolution include clarifying concepts in the results framework and planning methodology, the use of single focus SOs versus multidimensional SOs, the role of partner-funded results in USAID strategies, distinguishing the Agency’s position in “managing for” versus “achieving” results, how to effectively link activities to results, and the relationship of strategic planning to resource allocation.

Better Monitoring and Evaluation Systems. Monitoring and evaluation systems must improve in order for SO teams and activity managers to acquire good program performance information on which to base decisions. Better quality data, better quantitative and qualitative performance indicators, and more thorough analysis are all needed. Training in the methodology, technical assistance to operating units, and dedicated M & E resources will lead to improvements in these systems.

More flexibility in USAID systems and to resolve budget/earmarking problem. Basing decisions on performance has been challenging in that many feel decisions that involve budget and program direction are out of their control. The Agency must come to terms with what is realistic to expect in this area and what constraints it needs to accept. Congressional earmarks are not likely to go away (although soft earmarks do leave the Agency some choice) and foreign policy goals at times conflict with bottom-up planning.

RESPONSIVE AND FLEXIBLE APPROACHES FOR ACHIEVING

Introduction

The first three outcomes focus on the necessary components, as defined by the core values (of customer focus, results orientation, empowerment and accountability, and teamwork and participation), to create an environment that enables the new operating system to flourish. The fourth outcome, responsive and flexible approaches for achieving, looks at the effectiveness of key functions of the system (planning, achieving, and judging) as well as the supporting systems (procurement, accounting, budget, human resources, etc.). The intent of the new system was to have the practices turn the core values into a new set of operational processes.

The majority of comments from this section of the survey identify leadership as the most important factor to enable the Agency to provide responsive and flexible approaches for achieving. Many contradictions that exist in the Agency are evident when looking at the approaches for achieving. The Agency talks about the importance of the core values, but the findings show that most people feel that the business and administrative systems and processes (i.e. the New Management System (NMS), procurement, and human resource systems) are in conflict with principles of empowerment, teamwork, and flexibility. Other processes, however, are seen to be quite useful (i.e. strategic planning, focus on results, etc.) but could be better utilized through improved guidance and training. While there was a strong call to fix the NMS, there were also positive comments on other communication tools, such as the internet.

Snapshot

Confusion over implementation procedures. Confusion over implementation procedures is due to gaps in four main areas: leadership, guidance, training, and tools. The lack of a strong, consistent message from leaders and unclear and conflicting guidance has resulted in an environment with little trust. When new guidance is issued, people aren't sure if it is to be believed. This can be seen in how staff measure and track information and impact. An inordinate emphasis on indicators is partly due to unclear messages about what does and does not need to be measured and reported. At the same time, the Agency has lost much data due to a lack of tracking and documenting activities and programs. Lack of training has resulted in ineffective use of some of the useful approaches that are currently available to staff. For example, people do not know how to locate and use the automated directives system (ADS). The ineffectiveness of the NMS as a tool increases frustration and adds to the confusion. On the other hand, when messages are clear and tools, like the internet, work well, there is positive feedback.

Poor processes. Most staff feel that business and administrative processes (budget, procurement, human resources, NMS, etc.) hinder productive work. For example, although the Agency has undergone reengineering, the procurement process does not reflect the

reforms. The tension between the core values and these processes adds to the confusion felt by staff.

Lack of flexibility. The findings show that staff see a lack of flexibility in how they can do their jobs. The problems are due to both people and tools. The confusion over guidance has resulted in people following guidelines more rigidly than what may have originally been intended. The budget and procurement processes are perceived as extremely rigid and therefore hampering relations with customers and partners.

Needs

Strong leadership. Leaders must provide a strong, consistent message to explain the vision of and expectations for the Agency. This message can set the framework to ease tensions between the core values and business and administrative processes.

Work processes aligned with core values. Once there is a consistent message, the processes can be fixed to meet the needs of the Agency. The procurement process, for example, needs to be made more flexible to match with principles of working with customers and partners. The human resource system needs to be altered to correspond with the core values. This includes changing incentives and rewards to reflect teamwork and aligning position descriptions to fit with new roles and responsibilities.

Clear and more definitive guidance. Closely linked to the leadership issue is a need for consistent guidance and clarity on rules and regulations. Specifically, straightforward guidance is needed on the results review and resource request (R4) process, on results frameworks, and on definitions of terms. In addition, the ADS needs to be easily accessible and include necessary information.

More training. Since the reengineered Agency does include new guidance and processes, there is a need for training in how to access and understand the guidance and how to use the processes correctly. Training is needed in how to work in the new environment (i.e. teambuilding) as well as how to complete new tasks that come with the environment (i.e. skillbuilding).

Table 1 summarizes the findings regarding areas needing improvement by the outcome areas from each data source. (see next two pages)

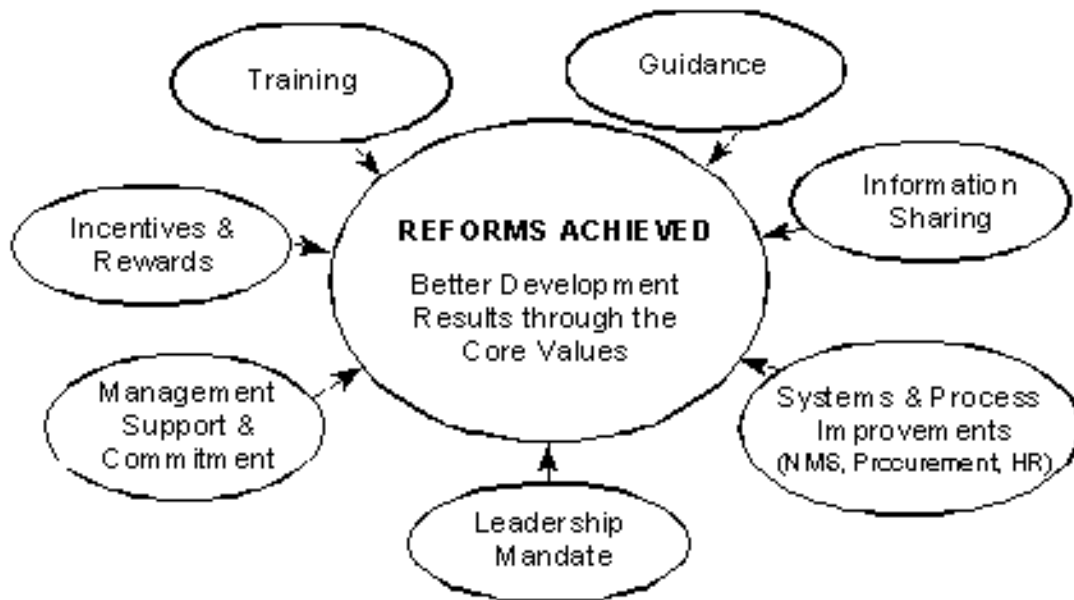
Table 1: Main Findings Regarding Areas for Improvement

	Document Analysis	Focus Groups/ Interviews	Survey	Summary by Outcome
Outcome 1: Empowered Staff and Teams Accountable for Results	<ul style="list-style-type: none"> · Need to improve reward system (to reflect teamwork; equality) · Need for clarity (roles & responsibilities; commitment & expectations) · Need to fix position descriptions · Need leadership for success · Need training 	<ul style="list-style-type: none"> · Need to fix Human Resources system/incentives to support reforms · Need leadership to set vision and define priorities · Need training in new way of working/teams · Need time/resources · Need to capture lessons learned/best practices 	<ul style="list-style-type: none"> · Need leadership and management support · Need more teamwork & collaboration · Need to empower staff and teams · Need training in mgmt. skills/teams/empowerment · Need incentives to support new system 	<ul style="list-style-type: none"> · Need leadership · Need to fix Human Resource System (includes incentives) · Need training
Outcome 2: Addressing Development Needs through Customers and Partners	<ul style="list-style-type: none"> · Need to move forward with the partnership -- make it daily business · Need to explain reengineering to partners · Need leaders to clearly communicate expectations · Need to improve customer focus · Need to hold partners accountable · Need to clarify roles 	<ul style="list-style-type: none"> · Need examples of ways to effectively include customers and partners · Need training for staff, partners and appropriate stakeholders · Need clarification of rules for partner's involvement in teamwork · Need management support with incentives and expectations 	<ul style="list-style-type: none"> · Need better & more effective ways of communicating · Need flexibility in rules · Need to clarify guidance, definitions, etc. · Doing well, need to do better · Need management support · Need more resources (time, \$, people) 	<ul style="list-style-type: none"> · Need clarity in guidance, accountability and flexible approaches · Need adequate resources (time, \$, people) · Need better & more effective ways of communicating with partners and customers · Need management support with incentives and expectations · Doing well.
Outcome 3: Results-Oriented Decision-Making	<ul style="list-style-type: none"> · Need consensus on what "managing for results" means and provide guidance and examples · Need to fight earmarking · Need to fight quantification of results · Need to put resources into achieving results, not just the process · Need to update lessons learned 	<ul style="list-style-type: none"> · Results/planning focus is positive · Need to have clarity on MFR and RF · Need better guidance · Need top-level Agency support · Need to understand and/or resolve budget/earmarking problem · Need to improve activity-results linkages 	<ul style="list-style-type: none"> · Results/planning focus is positive · Need better M & E systems, indicators and data · Need flexibility in USAID systems (budget) · Need greater communication and customer input · Need training · Need better guidance, best practices, knowledge 	<ul style="list-style-type: none"> · Results/planning focus is positive · Need to clarify/improve guidance and best practices · Need to come terms with performance and budget/earmarking limitations · Need better M&E systems
Outcome 4: Responsive and Flexible Approaches for Achieving	<ul style="list-style-type: none"> · Need more guidance and clarity (on R4, RF, managing participation and procurement, related to reengineering) · Need to increase training · Need strong leadership/consistent message to USAID staff and public 	<ul style="list-style-type: none"> · Need to fix NMS · Need to fix/improve procurement · Need to fill program documentation/analysis void · Need better guidance, more consistency, more information · Need to fix Human Resources system 	<ul style="list-style-type: none"> · Management/leaders need to believe in core values and act on them · Need clarity on guidance, definitions of terms · Need training in reengineering, how to manage, skill-building · Need better communication/information sharing · Need to fix the processes (procurement, budget) 	<ul style="list-style-type: none"> · Need Leadership · Need to fix processes (NMS, A&A, HR) · Need clarity on guidance · Need training

	Document Analysis	Focus Groups/ Interviews	Survey	Summary by Outcome
Summary by Methodology	<ul style="list-style-type: none"> · Need shared vision about the role of the Agency and how it interacts with partners · Need to provide consistent guidance on policy issues · Need to clarify organizational structures and how roles and responsibilities fit into them · Need to ease the tension between the rhetoric of the core values and the reality of procurement and budget · Need to institute a reward system that matches the rhetoric of the core values 	<ul style="list-style-type: none"> · Need Agency Leadership and communication · Need to define priorities, limit them, clarify what can be done · Fix Human Resources system and incentives · Need guidance, training, and best practices · Fix 'M' processes (NMS, A&A) · Need to clarify how to best work in teams/teamwork 	<ul style="list-style-type: none"> · Need leadership and management support · Need incentives to support reforms · Need training · Need better communication and dialogue · Doing better in field than in AID/W (need to reengineer AID/W) · Need to fix 'M' processes, e.g. human resources, procurement, management support systems 	<ul style="list-style-type: none"> · Need leadership · Need training · Need better guidance · Need to fix processes

III. CONCLUSIONS

The majority of survey respondents expressed an understanding of and belief in the concepts and ideas supporting the Agency's new operations system and core values. However, while staff expressed a high level of support for the concepts, they believe that the Agency has not fully followed through with the implementation of these reforms. In the context of staff having a strong belief that the Agency should continue down the "road to reengineering," seven prominent themes emerged from the findings of the stocktaking of the program operations system. The themes are presented as operational issues that need immediate attention in order to move further down the road. They are listed in order of importance based on the data from the survey, document review, focus groups and interviews. The graphic below should also make clear that, without a holistic approach to implementation, the reforms cannot fully succeed.



1. LEADERSHIP MANDATE: The overwhelming message from the data is that staff believe in the concepts behind the reforms, but feel that support for implementation is missing. Leadership was consistently identified as the most crucial factor for the reforms to be successful.

The need for organizational leadership from the top was the most significant theme throughout the stocktaking data. Staff repeatedly cited this as a crucial factor determining the ultimate success of reengineering. The Administrator and his senior staff must set the vision and priorities for the reform process. Management literature on organization reinvention

underscores this theme as a priority, explaining that organization change cannot succeed unless it is supported from the top. Survey respondents drove home this point through responses such as the following ones intended for the Administrator: “to be trite but true: ‘walk the talk’ and make your leaders do the same;” “...hold senior managers (AAs/Deputy AAs) responsible for ensuring core values [are] exercised routinely;” and “set the example, live the experiment.”

2. MANAGEMENT SUPPORT AND COMMITMENT: While many staff can describe the management style needed to “institutionalize” the reforms, they feel that actions of Agency managers do not reflect this style.

This theme carries leadership down through the organization from the AAs/DAAs and Mission Directors, to the ranks of office managers and division directors, and to those working on the front lines of the Agency. Those in management and supervisory positions in the Agency must learn better how to coach, to empower through delegation of responsibility and authority, to support effective teams and teamwork, and to resist micro-managing. Staff would like to see all managers apply the knowledge of the reforms and demonstrate a new management style.

3. GUIDANCE: In the absence of clear guidance from central bureaus, many operating units have successfully proceeded with business based on their own interpretations of what the guidance means. Confusion and frustration over a lack of clear “rules of the game” could be alleviated by consistent guidance and clarity on rules and regulations.

An Agency transition from past systems to new ones requires clear and comprehensive guidance (both policies and supporting “how to” guidance). In some areas, guidance has been unclear. For example, while requirements for forming SO teams is understood, how to fit these teams into existing organization structures is not. In other areas, there is simply no guidance. The 200 series directives threw out the old project system, but there was almost nothing to replace it on how to implement programs and activities under the new results-oriented strategic planning approach. In still other areas, a lack of strong and clear central guidance has resulted in operating bureaus putting forth their own guidance, resulting in inconsistent and conflicting instructions. Existing guidance must also be made more accessible and user friendly.

4. SYSTEMS AND PROCESS IMPROVEMENTS: Staff feel that procurement, NMS, budget, and human resource systems hinder their ability to fully take advantage of the flexibility intended by the reforms.

Many of the systems and processes currently being used are cumbersome, ineffective, inflexible, and do not support reengineering core values. The New Management System (NMS) continues to be cited with great angst as a system that must be fixed or discarded. Staff view procurement rules and regulations as tying their hands, preventing flexibility in implementing programs, and constraining partner collaboration. The human resource system

does not seem to support reengineering concepts and related values such as teamwork and promoting staff for achieving results. Many operating units have creatively found ways to circumvent the obstacles, but these systems need to be overhauled if the Agency aspires to be a more effective organization.

5. TRAINING: Staff understand what skills and knowledge are needed to operate in a reengineered operating unit, and stressed the importance of providing training to build these skills.

Staff have not been sufficiently trained in the new ways of doing business. Many staff have not had basic training on the core values, reengineering concepts, managing for results, and some of the new ways of doing business. Skills training is needed in a number of areas. Methodologies such as the results frameworks and performance measurement, while not difficult in a technical sense, do require a basic level of understanding of their concepts and their application. Teamwork and working in teams requires a level of interpersonal skills, and understanding of group dynamics, that staff may not have previously been required to exercise or possess. Effectively teamwork also requires knowledge of tools and techniques to get work done efficiently in a team setting. Training is also needed for managers to help them understand how the core values can operationally be applied and how to manage in an environment that requires the use of teams and extensive delegations of authority. Program implementation under a new system is still being thought through and training will be needed here as well.

6. INCENTIVES/REWARDS: Many missions have created their own reward programs that are aligned with the principles associated with the reforms, but the lack of an institutional system that provides incentives and rewards for staff and teams who apply these principles has led to much frustration among staff.

Although many missions have creatively developed reward programs, Agency-wide incentives do not exist to promote risk-taking, to encourage staff to work on teams, and to reward staff who exhibit reengineering principles, managing for results, and other core values. Incentives can range from awards given to staff, to personnel promotions, to anything that encourages a change in behavior. No organizational reform plan can be effective unless the workforce is positively encouraged to make cultural and behavioral changes to support it.

7. INFORMATION SHARING: Staff want to share experiences and learn from others. This includes having open channels of communication vertically throughout the organization as well as sharing best practices across the Agency and with partners.

Information sharing and communication must take place both vertically and horizontally throughout the organization. Senior management must dialogue with staff to understand operational issues. Staff perceive that there is little dialogue going on between themselves and the senior levels of management (the Administrator and the AAs). Staff feel that such regular communication is essential to keep senior management abreast of operational issues.

A suggestion from a focus group participant was for the Administrator and the AAs to each serve as a team member for a strategic objective team. Communication and dialogue between various parts of the Agency as well as the Agency and its partners and customers may also be inadequate. All Agency organization units must share their experiences so that others can benefit from lessons learned and best practices. Agency staff must collaborate better with customers and partners.

For these needs to be met, a number of recommendations and actions must be implemented. Some are already underway through previous efforts such as the Acquisition and Assistance Task Force and the Workforce Planning Task Force. Other recommendations are presented in the next section. Further dialogue is also necessary to learn from our past experiences with implementing reforms, to identify further areas for action, and to continue with the process of organizational improvement.

IV. RECOMMENDATIONS

The following seven recommendations emerged clearly and repeatedly from all sources of the stocktaking--from the responses to the staff survey, the focus groups and interviews, and the documents reviewed. The first recommendation was the most frequently and powerfully expressed. Underlying it as well as the others runs the conclusion that the Agency reforms, although valued by staff, can succeed only with leadership and committed management in AID/W and in the field.

- 1. Agency leaders at all levels embrace, express and demonstrate reform vision and values.**
- 2. Agency managers at all levels make this vision a reality by systematically implementing the reforms.**
- 3. Clarify operations policies and procedures--the rules of the game for program operations, their interpretation, and how they are determined.**
- 4. Improve critical systems and procedures to support the reform vision and values.**
- 5. Allocate needed resources for staff and partner training. Fund and implement training in three critical areas: Operations Systems And Core Values, Skill-Building for New Responsibilities, and Managing through results-oriented teams.**
- 6. Reward behaviors consistent with the reform vision and values.**
- 7. Learn from Agency experience by maintaining active channels of communication within the Agency and between it and its partners.**

The Stocktaking/Diagnostic Team drew from the many specific suggestions proposed throughout the stocktaking by staff and partners, as well as from its members' own insights about change processes, and is developing a set of actionable recommendations for each of the above.